

SERVICE QUALITY

Engineering and Management Services Department

The Engineering and Management Services Department (EMSD, staff or Department) has technical responsibilities in two separate areas.

The Management Analysts' mission is to develop, enhance and support utility management to provide quality services to customers and effective cost control of critical resources such as capital, technology and human resources.

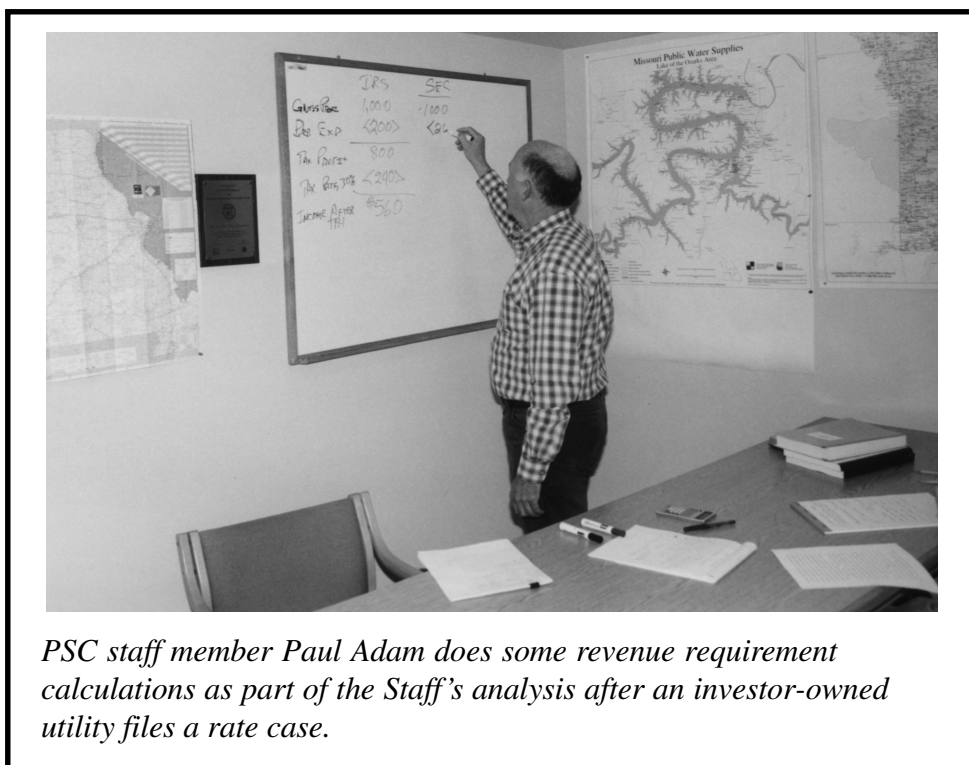
The engineering staff of EMSD conducts depreciation studies and provides specialized engineering analysis and assistance for all types of regulated utilities.

Major Projects During 2003

Management Analysts participated in a variety of cases and audit projects during 2003. Specifically, the staff initiated a customer service and gas supply review of Laclede Gas Company. Laclede serves approximately 636,000 customers in Missouri. During the course of its review, the EMSD traveled to Company headquarters in St. Louis and made on-site visits to the Company's St. Charles and Forest Park offices. In addition, PSC staff also viewed the Company's underground storage facility near Florissant as well as the Company's Meter Shop in south St. Louis. The staff performed on-site observations at the Company's call center located at Company headquarters and conducted field observations of the Company's meter reading and disconnection processes. Staff's review resulted in approximately 60 recommendations made to Laclede Gas Company management for improvement.

Management Analysts also participated in other Laclede proceedings, including Case No. GO-2002-1099, an investigation of Laclede Gas Company's transfer of its gas supply function to a separate subsidiary, Laclede Energy Services.

Laclede Energy Services (LES) was established by The Laclede Group in the Spring of 2002 as a non-regulated subsidiary responsible for performing energy



PSC staff member Paul Adam does some revenue requirement calculations as part of the Staff's analysis after an investor-owned utility files a rate case.

management and administrative services for both Laclede and Laclede Energy Resources (LER). Laclede Energy Resources is engaged in non-regulated efforts to market natural gas and related activities for The Laclede Group. The PSC staff raised several concerns about LES during this proceeding. As a result of those concerns, Laclede's management decided to dissolve LES in April 2003.

The PSC staff filed testimony in Case No. GR-2002-356, Laclede Gas Company's request for a rate increase. Staff's testimony in this proceeding addressed managerial considerations that should be evaluated by the Company in determining whether and when to remove the Company's four gas holders.

Department Staff participated on a multi-disciplined team to review and report on the evolving financial situation at Aquila, Inc. and the implications on Aquila's regulated operations in Missouri. Management Analysts analyzed and reported on Aquila service quality including Commission complaint trends, employee turnover rates, customer service work orders, call center response performance measures and estimated utility bills.

During fiscal year 2003, staff continued to participate in Case No. OO-2002-202, the PSC's Utility Emergency Preparedness case. Staff was involved in the compilation and evaluation of data received from a utility survey and the preparation of follow-up reports to the Commission.

Staff also participated in a multi-agency Homeland Security Advisory Committee. This committee met regularly to develop recommendations to implement the Homeland Security Advisory System in state and local governments and to promote the adoption in the private sector for the purpose of enhancing homeland security.

The staff continued to receive and review status reports from a variety of companies as a result of merger cases. These reports contain information regarding customer service at the companies including data on call center indicators such as average speed of answer (ASA) and abandoned call rate (ACR). Management Analysts also participated in the merger of Southern Union and Panhandle Eastern, Case No. GM-2003-238. Staff proposed and obtained an extension of time for reporting on service quality indicators that was agreed to in a prior stipulated case, GM-2002-43.

Management Analysts also pursued graphing and analyzing company complaint data received from the Commission's Consumer Services Department. This data is maintained to track performance trends in the areas of consumer complaints to the Commission.

Staff also prepared a white paper during FY 03 that addressed the importance of accurate time reporting for all regulated utilities but particularly for those with affiliated interests. Time reporting is a critical managerial and regulatory control process for utilities.

The Department participated in reviews of numerous small water and sewer companies to assist them in providing sound customer service. The audit program is designed to assist such companies in a variety of areas including customer billing, credit and collections, complaint handling and others.

The engineering staff of the department performed depreciation analysis for several large and small companies during this fiscal year. The engineers' objective is to propose depreciation rates that are fair and appropriate for each company and the company's customers.

During fiscal 2003, the engineering staff compiled depreciation studies and reports on 18 different companies including comprehensive depreciation studies in the context of rate cases filed by Laclede Gas Company and The Empire District Electric Company.

During this time period, engineers developed proposals that allowed for an approximate \$3 million reduction in the positions requested by utilities. Depreciation comprises a significant component of the cost used to develop utility rates paid by consumers.

Depreciation engineers performed company inspections and participated in plant tours to develop their knowledge and understanding of each company's tangible plant. This knowledge of company plant, coupled with statistical analysis of plant mortality data, serves as the basis of staff's work in each rate case and the support for staff's depreciation rates.

Consumer Services Department

The Consumer Services Department serves as the central repository for consumer complaints and inquiries received by the Commission.

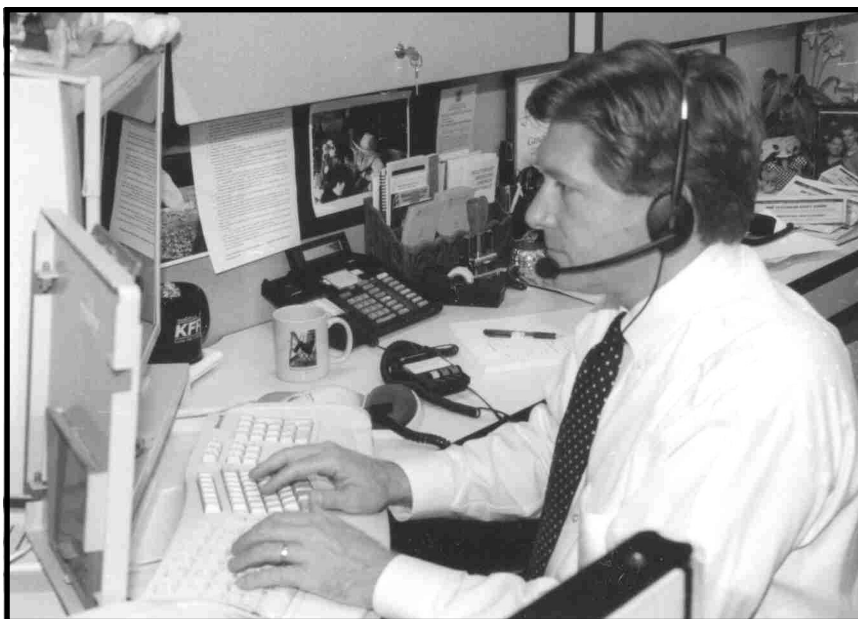
Consumer complaints may be filed with the Commission by mail, facsimile, e-mail or the Commission's consumer toll-free hotline (**1-800-392-4211**.) Complaints may also be submitted on-line through the Commission's website. Consumer Services Specialists receive, investigate and respond to billing and service issues involving gas, electric, water, sewer, and telecommunications companies regulated by the Commission. The investigation of complaints may involve consulting with the Commission's technical Staff, utility representatives and researching utility tariffs and Commission rules and regulations. Through the handling of consumer complaints, Specialists work to enforce Commission rules and utility tariffs.

Specialists also interact with other PSC Staff regarding consumer service issues in proposed rulemakings on the state and federal level. This interaction also involves participating in customer service focused reviews of utility operations and participating in formal cases before the Commission regarding issues that impact customer services.

Consumer Service specialists also interact with community action agencies by referring consumers to other agencies that may provide the needed assistance.



Gay Fred was appointed Manager of the PSC Consumer Services Department on Feb. 1, 2003.



Commissioner Robert Clayton answers a call on the PSC hotline as part of Consumer Services Week.

